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ABSTRACT

The shortrun (1962-1966) economic impact of a tissue paper mill in Pickens, Mississippi, a town of under 1,000 in a depressed rural area with a predominance of poor Negroes, was analyzed. The tissue mill began in a building formerly occupied by a North Carolina furniture manufacturer. Initial financing came from the Area Redevelopment Administration, local and State organizations, and private industry. Failure of the operation was attributed to lack of skilled employees, frequent breakdowns of secondhand machinery, variability in the quality of wet pulp, and an inadequately developed market. After foreclosure by the Small Business Administration, the plant was leased to another company to produce carbonizing paper. Finding solutions to Picken's problems and those of other depressed areas will require continuing systematic efforts at Federal, State, and local levels. (Author/PS)

ED 089909

RURAL INDUSTRIALIZATION:

Case Study of a Tissue Paper Mill in Pickens, Miss.

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UNITED STATES DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE
IN COOPERATION WITH MISSISSIPPI AGRICULTURAL EXPERIMENT STATION
MISSISSIPPI STATE UNIVERSITY

ABSTRACT

This report analyzes the shortrun economic impact of a tissue paper mill on Pickens, Miss., a town of under 1,000 in a depressed rural area with a predominance of poor Negroes. The tissue mill began in a building formerly occupied by a North Carolina furniture manufacturer. Initial financing came from the Area Redevelopment Administration, local and State organizations, and private industry. Failure of the operation was attributed to lack of skilled employees, frequent breakdowns of secondhand machinery, variability in the quality of wet pulp, and an inadequately developed market. After foreclosure by the Small Business Administration, the plant was leased to another company to produce carbonizing paper used by that company. The case raises many questions about the development of such a depressed rural area.

Key Words: Tissue paper mill, Rural industrialization, Mississippi, Depressed area, Economic impact

PREFACE

This publication examines the short-term impact of a tissue paper mill upon the local economy of a rural area in Mississippi. It describes the economy of the area from the time the mill was established in 1962 until it failed in 1966, and it identifies subsequent use of the plant.

This is one of a series of such impact studies conducted in selected areas of the United States by the Economic Research Service under contract with the Area Redevelopment Administration, U.S. Department of Commerce. Already published are Rural Industrialization in the Ozarks: Case Study of a New Shirt Plant at Gassville, Ark., Agr. Econ. Rpt. No. 123, U.S. Dept. Agr., Nov., 1967; and Rural Industrialization in the Southeast Coastal Plain: Case Study of a New Brick Factory in Summerville, S.C., Agr. Econ. Rpt. No. 174, Feb., 1970.

This report was produced in cooperation with Mississippi State University. Alan R. Bird, Deputy Director, Economic Development Division, ERS, assisted in planning the study. The methodology was developed in association with the following ERS economists: Max Jordan, Herbert Hoover, Jackson McElveen, and Max Tharp; and with Buis Inman, economist, formerly with the Economic Research Service. The author is also grateful to the many citizens of the study area who cooperated in the study.

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Washington, D. C. 20250 September 1970

SUMMARY

Operation of a tissue paper mill in a depressed rural area of Mississippi from 1962 to 1966 failed to generate the expected increase in local employment. Owners of the plant in Pickens, Miss., under contract with the Area Redevelopment Administration, attributed failure of the operation to lack of skilled employees, frequent breakdowns of the secondhand machinery, variability in quality of the wet pulp purchased on the open market, and lack of a firm market outlet for the product. On December 12, 1966, a loan to establish the plant was foreclosed by the Small Business Administration (SBA).

Although the tissue paper mill increased short-term employment in the area, it did not significantly reduce the number of unemployed. During the first year, the mill generated an estimated 114 jobs, including 64 in the project area. These 64 included 56 direct jobs, five business-linked jobs, and three consumer-linked jobs. Overall, the plant payroll never exceeded 57 persons, far short of the 100 expected after 3 years' operation.

A significant upgrading in the skills of the local labor force occurred after the plant's establishment. But the need to import a high proportion of labor from outside the area underlined the urgency for greatly improved educational and vocational training facilities so that an adequate supply of skilled labor could be developed locally.

Despite the failure of the original undertaking, Pickens appeared to possess unique qualifications for the successful operation of a paper mill: namely, appropriate site; good transportation; nearby facilities for training skilled staff; access to towns of at least 10,000; potentially adequate supplies of pulp; and strong community, county, and State backing. Accordingly, on July 6, 1967, the plant was leased to another company by the SBA for the manufacture of carbonizing paper.

Still unresolved are numerous questions raised by the mill's initial failure. Finding solutions to Picken's problems and those of other depressed areas will require continuing, systematic effort at Federal, State, and local levels.

STUDY AREA

U.S. DEPARTMENT OF AGRICULTURE NEG. ERS 7797-76 (7) ECONOMIC RESEARCH SERVICE

RURAL INDUSTRIALIZATION: CASE STUDY OF A TISSUE PAPER MILL IN PICKENS, MISS.

By John C. Crecink 1/

Business success depends primarily on three factors--marketing, management, and capital. Wherever a firm is located, it must have adequate assurance that there are markets for its products or services; it must be able to produce at competitive prices; and it must control sufficient funds to assure continuity of production. These conditions are so interrelated that inability to provide one not only affects the achievement of the other two but may precipitate the failure of the enterprise.

This study was initiated to investigate the contribution of industry to the economic development of a depressed rural area, and to improve understanding of how development proceeds in such an area. It concerns a small business--a tissue paper mill in Pickens, Miss.--that nearly succeeded.

BACKGROUND

The Mill

The paper mill established in Pickens, Miss., in 1962 under sponsorship of the Area Redevelopment Administration (ARA) was a "salvage operation." In 1961, the parent company, a land and timber firm headquartered in Jackson, Miss., chose Pickens as the site of its first venture into the manufacturing field. Pickens already had an outstanding construction bond issue and a vacant building with utilities in place. 2/ These were legacies from an earlier industrialization program which had attracted a North Carolina furniture manufacturer to Pickens. In that operation, local labor and native hardwoods were utilized to make furniture frames. Closing of the plant following the owner's death in 1960 caused Pickens to regress rapidly. Unable to find jobs in the area, some of the local employees went back to part-time farmwork; the supervisory personnel returned to North Carolina.

To ease the financial burden on the small community (1960 population, 727), remedial measures had to be undertaken quickly. Responsible town

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1/ Agricultural Economist, Economic Development Division, Economic Research Service, stationed at State College, Miss.

2/ Mississippi's "Balance Agriculture with Industry" program underwrote the bond issue. Under this program, the Agriculture and Industry Board, appointed by the Governor and reporting directly to him, authorizes the issue of full-faith and credit bonds to finance local development. Local taxes can be diverted to the payment of principal and interest on these bonds.

citizens approached the Mississippi Agriculture and Industry Board who, in turn, set up a series of meetings between the Pickens group and the Jackson-based company. Subsequently, the Pickens facilities of the former furniture plant were purchased from the bondholders, and plans were made to establish a tissue paper mill at an estimated cost of $1,413,586.

On January 5, 1962, the company management applied for, and received, a loan of $801,172 from the Area Redevelopment Administration. The corporation supplying the mill equipment assumed 21 percent of the cost through a mortgage of $293,400. Holmes County Development Foundation provided the 10 percent local funds required, and the mill owners supplied the remaining 12 percent ($170,831). Arrangements were made to buy wet pulp on the open market, and a national distributor was secured to market the mill output of industrial, facial, and toilet tissue. New employment was projected at 73 direct jobs plus 23 indirect jobs, in the first year of operation. This number was expected to increase to 150-200 jobs after 3 years of operation, including 100 jobs in the plant.

The considerable financial loss suffered by the tissue paper mill during the first year was attributed by company officials to: (1) personnel problems, particularly inability to pursuade sufficient skilled labor to move into the area; (2) variability in the quality of the wet pulp purchased on the open market; (3) frequent breakdowns in the secondhand machinery; and (4) lack of a firm market outlet for the product.

Progress was made in solving the personnel problems after a more experienced manager was employed. To correct the inconsistent quality of the wet pulp, a capital investment of $153,000 was announced in August 1964 to permit local refining of the pulp, and test runs were conducted a month later. The following December plans were made to install a pulpwood mill to make the Pickens plant a self-contained operation, but this expansion never materialized.

Profitable operation of the mill was a reasonable expectation, provided the marketing and financial problems could have been overcome. Preliminary inquiries indicated there was a market for the tissue to be manufactured in the plant. Management originally contracted with a national paper products distributor to handle the plant output, but the mill was unable to compete effectively with the larger, more favorably located producers. Further technical assistance enabled the plant to adapt to the production of single-use carbonizing paper instead of tissue paper. However, test production runs revealed additional costs associated with packaging lots of varying size to meet specific orders. More time and funds were needed to demonstrate the plant's capability to deliver a quality product to the specifications of potential customers.

When the marketing and financial problems proved insurmountable, the Small Business Administration foreclosed the loan on the property on December 12, 1966.

The Study Area

Four counties in central Mississippi with a history of persistent poverty--Attala, Holmes, Madison, and Yazoo--comprised the study area, the region from which most of the paper mill employees were drawn. Like the State, the study area depended heavily on farming for income and employment. The declining economic importance of agriculture required the enlargement of local nonfarm job opportunities, or the migration of rural people to centers which could provide both a range of nonfarm jobs and the educational, training, and other facilities needed to enable residents to hold these jobs.

Pickens, site of the paper mill, is located in Holmes County, approximately 45 miles north of Jackson, Miss., on U.S. Highway 51 and Interstate 55 at the intersection of State Highways 17 and 432. Jackson (1964 metropolitan population, 250,000) is the primary trade and distribution center for the study area. Memphis, Tenn., (171 miles north) also serves the region, but only incidentally. Secondary centers and their distances from Pickens include the following county seats (1960 population): Canton (9,707), 19 miles south, Madison County; Kosciusko (6,800), 33 miles northeast, Attala County; Lexington (2,839), 18 miles north, Holmes County; Yazoo City (11,236), 26 miles west, Yazoo County. Durant, located 16 miles north of Pickens, also in Holmes County, is a rail transportation center with a population of 2,617. Greenwood (20,436), 55 miles northwest in LeFlore County, is an important trade and distribution center for the area. Throughout the area are many small communities like Pickens that are potential competitors for new nonfarm industry.

Pickens and the Mill Site

Opportunities for increased nonfarm employment are generally considered greater in cities and large towns than in communities of less than 2,500 people. Pickens, with a population under a thousand, appeared to be an exception, provided the competence of local labor and management could be developed and maintained. Circumstances suggested (1) the town was a more appropriate site for a pulp mill and paper mill than for the furniture factory that formerly occupied the same site; and (2) the competitive nonfarm employment potential of Pickens could be realized when local enterprises concerned with paper production, particularly a pulp mill and lumbering, were expanded in harmony with the paper mill.

A paper mill should be located away from towns and cities and near a major stream. On the other hand, it requires (1) good transportation facilities, (2) nearby facilities for training skilled staff, and (3) access to towns of at least 10,000 people where urban conveniences are available for the employees and their families. Pickens satisfied all these conditions.

The building housing the paper mill is situated on 312 acres in northeast Pickens. The necessary water, sewage, electric, and natural gas utilities were already in place when the mill was established. Excellent highway and mainline railway transportation facilities adjoin the company property, and the Big Black River is nearby. A potentially adequate

supply of pulp is available, backstopped by local stands of suitable timber.

ECONOMY OF THE AREA BEFORE ESTABLISHMENT OF THE TISSUE PAPER MILL

Population

The special population mix of the study area is a carryover from the plantation system which was highly developed in Holmes, Yazoo, and parts of Madison County a century ago. In 1960, over three-fifths of the project area residents were Negro (table 1), compared with only two-fifths of the State population and one-ninth of the national population.

Table 1.--Distribution of population by color, Mississippi and the study area, selected years

Year	Mississippi			Study area 1/		
	Total	White	Negro	Total	White	Negro
	Number					
1950	2,178,914	1,188,632	990,282	129,525	46,466	83,059
1960	2,178,141	1,257,546	920,595	112,988	41,513	71,475
1961	2,212,580	1,284,660	927,929	113,630	42,060	71,570
1962	2,258,130	1,321,140	936,990	113,570	43,420	70,150
1963	2,290,180	1,348,880	941,330	116,350	45,540	70,810

1/ Attala, Holmes, Madison, and Yazoo Counties.

Sources: U.S. Bureau of the Census, U.S. Census of Population: 1950 and 1960. Bryant, Ellen S., 1963 Population Estimates for Mississippi Counties, Miss. Agr. Expt. Sta. Bul. 693, July 1964.

Educational Level

Although the educational level of the population was on the increase in both the State and study area at the time the paper mill was established, the population of the four study counties lagged behind the State in the median number of school years completed (table 2). In 1960, 25 percent of the people over 24 in the study area were functionally illiterate (not more than 4 years of schooling), compared with 18.2 percent for the State. In the same year, slightly over 41 percent of the Negroes in the area were functionally illiterate. Greatest gains in educational attainment on both the State and

Table 2.--Distribution by years of school completed, men and women 25 years of age or older, Mississippi and the study area, 1950 and 1960

Item	Mississippi				Study area 1/			
	Male	Median school years completed	Female	Median school years completed	Male	Median school years completed	Female	Median school years completed
	Number	Years	Number	Years	Number	Years	Number	Years
1960:								
Persons 25 years and older	503,031	8.6	561,945	9.3	24,530	7.5	28,875	8.5
No school years	24,318		16,322		1,708		876	
Elementary 1-4 years	92,063		67,952		6,081		4,769	
5-6 years	61,525		67,580		3,702		4,356	
7 years	32,727		40,549		1,689		2,573	
8 years	67,239		78,498		2,932		4,091	
High school 1-3 years	83,448		115,653		3,417		5,243	
4 years	75,952		108,379		2,524		3,859	
College 1-3 years	33,604		39,892		1,278		1,718	
4 years	32,153		27,120		1,199		1,390	
1950:								
Persons 25 years and older	519,670	7.7	553,590	8.4	29,165	6.5	31,390	7.7
No school years	22,665		19,635		1,760		1,270	
Elementary 1-4 years	123,685		99,450		9,120		6,770	
5-6 years	76,005		82,585		4,910		5,610	
7 years	36,710		43,335		2,255		2,800	
8 years	68,825		77,050		3,265		4,020	
High school 1-3 years	73,795		91,350		3,350		4,765	
4 years	54,410		77,720		2,030		3,245	
College 1-3 years	24,465		33,330		1,110		1,610	
4 years or more	21,275		20,030		925		970	
Not reported	12,835		9,105		440		330	

1/ Holmes, Attala, Madison, and Yazoo Counties.

Source: U.S. Census of Population: 1950; 1960.

area levels were recorded in the numbers of high school graduates and persons with some college training.

Improvements in the rural road system of Mississippi had resulted in the upgrading of schools through consolidation. Teacher salaries remained among the lowest in the Nation, however.

Some progress was being made in reducing the number of school dropouts. In 1962, there were no significant differences in the percentages of persons 14 to 17 years of age enrolled in school from urban, rural nonfarm, and farm families, whereas in 1950 the percentage of urban youths 14-17 attending school was significantly higher. 3/ (Mississippi does not have a compulsory school attendance law.)

Migration

Selective migration from the area during the 1950's, when 80 percent of the loss occurred among persons under 35 years of age, aged the resident population, particularly the farm operator families. Migration from the area amounted to 36.4 percent of the 1960 population, compared with 19.9 percent for the State. 4/ Three times as many Negroes as whites migrated out of both the project area and the State. During 1960-63, the State recorded a slight gain in black population, whereas counties in the study area gained whites and lost Negroes. In Madison and Attala Counties, the gain in white population was over 13 percent--nearly twice that of the State.

Jackson, Miss.--a viable, growing center for several decades--attracts many migrants from the study area because of job opportunities. Canton and Yazoo City, along with the other county seat towns, draw increasing numbers of jobseekers. The smaller towns and villages, including Pickens, have either remained static or have lost population. High functional illiteracy and near illiteracy have deterred even greater outmigration.

Labor Force Participation

In 1960, 54.1 percent of the persons 18 years of age in the study area were in the labor force, compared with 56.4 percent for the State. In addition, 54.6 percent of the population was in the dependency group (under 18 and over 64 years of age), in contrast to 50.3 percent for the State.

In 1960, about 5.4 percent of the total labor force in the study area was unemployed, the same percentage as on the State level. In Holmes County, the unemployment rate was consistently above the State. Underemployment, especially among agricultural workers in the area, was very high. For the

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3/ Rogers, Tommy Wayne, and Wilber, George L. School Drop-Outs in Mississippi. Mississippi Farm Research, Vol. 27, No. 2, Feb., 1964.

4/ Bryant, Ellen S., and Wilber, George L. Net Migration in Mississippi 1950 to 1960. Miss. Agr. Expt. Sta. Bul. 632, Dec., 1961.

1960 male civilian labor force, underemployment rates ranged from 44.7 percent in Madison County to 56.5 percent in Holmes County. An underemployment rate of 20 percent or over is considered "severe." 5/

Income

In 1959, almost 63 percent of the families in the study area had family incomes of less than $3,000. By counties, this percentage ranged from 72 in Holmes to 54 in Attala. Nine-tenths of the black families had incomes of less than $3,000 and constituted almost 75 percent of the families in the area with this income level. Median family incomes in the area ranged from a low of $1,435 in Holmes County, about half the State figure and tenth lowest in the Nation, to $2,783 in Attala, about the same as the State figure. Between 1949 and 1959, each of the four counties showed a 90-percent or greater gain in median family incomes (1959 dollars). Rural families in Holmes County had a 1959 median income of $1,225, the second lowest of any U.S. county.

Although 63 percent of the 9,335 farms in the area in 1959 were classified as commercial farms, only 6.5 percent had gross farm sales of $10,000 or more. Only this latter group could be expected to provide a family net income from farming of at least $3,000.

Four ARA projects in the study area, besides the paper mill, combined with the activities of local development groups to increase income from wages and salaries. In 1959, about 15 percent of the total money income in the area came from nonwork sources, slightly more than for the State as a whole. Unemployment compensation after 1959 declined, whereas total public assistance payments remained relatively constant, and Social Security benefit payments increased.

Agriculture

Until recently, the study area was almost wholly dependent on agriculture for income. Cotton was the main cash crop. The Delta counties (Holmes and Yazoo) had a few extremely large cotton farms, but cotton acreage generally had declined, primarily as a result of the acreage control program. This reduction, together with the widespread increase in livestock farming and increased mechanization of cotton production, caused a dramatic decrease in local job opportunities in agriculture. At the same time, the low average level of educational attainment helped to perpetuate the area's dependency on agriculture.

The chronic surplus of farm labor was expected to continue as more technological improvements were adopted, ranging from wider use of herbicides and pesticides to mechanical harvesters. However, since workers

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5/ Kampe, Ronald E., and Lindamood, William A. Underemployment Estimates by County, United States, 1960. U.S. Dept. Agr., Agr. Econ. Rpt. No. 166, Oct., 1969.

remaining in agriculture would need training in the operation of this complicated machinery and equipment, it was anticipated their incomes would tend to increase through the upgrading of their skills.

Housing

Only 35 percent of the houses in the study area were built after 1939, compared with 47 percent for the State (table 3). But area housing appeared to be better maintained. Two-thirds of the houses in the State were reported deteriorating or dilapidated in 1960, whereas only 56 percent of those in the study area were thus described. Approximately half the rural homes in the study area lacked running water in 1960.

Table 3.--Housing: Number of units and period of construction, as percentage of total, Mississippi and the study area, 1960

Item	Mississippi		Study area 1/	
	Number	Percent	Number	Percent
Total units	628,945	100.0	30,808	100.0
Period of construction:				
1959-60	26,316	4.2	636	2.1
1955-58	57,330	9.1	1,724	5.6
1950-54	73,888	11.7	2,727	8.8
1940-49	137,357	21.8	5,785	18.8
1930-39	106,663	17.0	5,874	19.1
1955 or later	83,646	13.3	2,360	7.7
1950 or later	157,532	25.0	5,087	16.5
1929 or earlier	227,391	36.2	14,062	45.6

1/ Holmes, Attala, Madison, and Yazoo Counties.

Source: U.S. Census of Housing: 1960.

Public Facilities

In 1962, the two Holmes County hospitals, located within 16 miles of Pickens, had a total of 70 beds, or the equivalent of one hospital bed for every 387 persons. The ratio of local population to resident doctors was 2,709 to 1. Jackson, Miss., had excellent medical facilities. However, supplemental facilities within the area needed to be improved.

Holmes County Junior College in Goodman, 7 miles north of Pickens, served as the regional institution for all the study counties.

Public recreation facilities included Holmes County State Park (only 11 miles north of Pickens), Tchula Lake (30 miles west), and many small lakes, streams, and forested regions.

SHORTRUN IMPACT OF THE TISSUE PAPER MILL ON THE AREA

The paper mill had the potential for meeting the economic development needs of the study area in at least four ways:

(1) It used an abundant local resource (pine pulpwood).

(2) It provided employment for local labor, particularly labor with limited skills and education, and upgraded it through training and experience.

(3) It further strengthened the local labor force by bringing in skilled personnel from outside the study area.

(4) It provided a means of motivating local residents to contribute more fully to society through employment in a productive enterprise.

Employment

The major contribution of the tissue paper mill to the Pickens area was the creation of jobs, although the employment impact was less than originally anticipated. During the first operating year, the plant reached only 60 percent of capacity, when expected local sources of wet pulp did not materialize and a critical shortage of experienced workers occurred.

About 6 percent of the manufacturing employment of Holmes County was on the plant payroll. For the study area as a whole, manufacturing employment utilized by the mill amounted to less than 1 percent of the total. (Anticipated future additions to the physical plant were not expected to change this proportion appreciably because of growth in manufacturing throughout the area.)

Total employment in Holmes County actually decreased by 190 workers. Unemployment rose by 20 workers, nonagricultural wage and salary workers increased by 90, and manufacturing employment gained by 50 workers, indicating a decrease of 260 workers in agriculture.

Altogether, during the year ending September 1964, the mill generated an estimated 114 jobs (table 4). Approximately 64 of these jobs were within the study area. These comprised some 56 direct jobs in the plant, five business-linked jobs (supplying goods and services to the plant), and three consumer-linked jobs (resulting largely from the local expenditure of payrolls). Men

Table 4.--Jobs generated by the tissue paper mill in Pickens, Miss., 1964-65 1/

Job type and location	Estimates of applicants	Study estimates	
		1964 2/	1965 2/
	Number	Number	Number
Within area: 3/			
Direct jobs	73.0	56	57
Business-linked jobs	8.5	5	5
Consumer-linked jobs	5.5	3	3
Total	87.0	64	65
Outside area:			
Business-linked jobs	80.5	40	40
Consumer-linked jobs	16.0	10	10
Total	96.5	50	50
Total, all jobs	183.5	114	115

1/ The guide used in computing job generation is contained in the appendix to Rural Industrialization in the Ozarks: Case Study of a New Shirt Plant at Gassville, Ark., by Max F. Jordan, U.S. Dept. Agr., Agr. Econ. Rpt. 123, Nov., 1967.

2/ Year ending September.

3/ Area includes Attala, Holmes, Madison, and Yazoo Counties.

living in the area when the project began obtained about 34 of the jobs in the plant--primarily as common laborers and apprentices. Outside the area, an estimated 50 jobs were generated.

Following the September 1964 expansion, employment in the plant was expected to rise to 80, and the total jobs generated to 247. Outside the study area, it was estimated that the mill's effect on employment would triple. But these estimates proved overly optimistic. The full-time labor force never exceeded 57 during the life of the mill.

Upgrading the Local Labor Force

A significant upgrading in skills of the local labor force followed the plant's establishment. All supervisory personnel and most of the skilled workers were imported, primarily from the Eastern Seaboard States.

According to the Mississippi Employment Security Commission, the educational attainment level of the males employed in the plant was above

the average of the local labor force. Because of the wage level paid in the plant, it was anticipated that the mill would continue to attract the younger, better educated workers. At the same time, the heavy outmigration of workers with lesser skills from the project area was expected to persist.

For the most part, area residents were totally unfamiliar with the highly technical requirements of the skilled jobs in the plant. Their previous employment had been in the furniture factory where entirely different skills were required. Systematic retraining of these people for employment in the tissue paper mill was not undertaken. Company officials believed that on-the-job training would provide the necessary skilled labor. However, this expectation was not realized.

The employment impact of the project on the indigenous population was limited to unskilled workers. The completed plant expansion demanded the importation of additional skilled workers. In late 1964, the ratio of skilled to semiskilled workers and laborers in the plant was about 1 to 2.5. Progress was slow in upgrading local labor to fill skilled jobs.

Housing

To attract skilled labor into the area, company officials underwrote the construction of 12 houses. In 1964, this housing was the only new construction in Pickens. Mill employees who were part-time farmers or rural residents commuted to work. Since these people could own a homestead at very low cost, they had little incentive to move to town. However, a sustained increase in local employment could have resulted in renovation of homes in the open country.

Public Facilities

The size of the paper plant was not expected to cause any immediate increase in the demand for public facilities. The town of Pickens had an elementary school, but no high school. Nearby Goodman had a high school in conjunction with Holmes Junior College. Vocational training courses were begun at the junior college to help local labor develop the necessary skills to operate the complex paper mill machinery. These courses, coupled with an adequate on-the-job training program, could have eased the labor problem and enabled residents to avail themselves more fully of local employment opportunities.

Community Leadership

Community leaders worked diligently to bring the tissue paper mill to Pickens. Earlier experience in attracting the North Carolina furniture factory proved invaluable. Particularly helpful was the Holmes County Area Development Association, a direct outgrowth of the Holmes County Overall Economic Development Committee. The involvement of leading Jackson businessmen in the project was also a positive achievement.

NEED FOR OTHER PROJECTS

Despite its initial failure, a paper mill and related activities remained the most logical enterprises for Pickens and the area. In seeking other industries, Pickens would have been competing directly with several larger communities and cities, including Yazoo City, Canton, and Jackson. Accordingly, on July 6, 1967, the Small Business Administration entered into a contract with a second paper company to operate the mill. The plant manager was retained, along with 35 former employees. The revitalized plant is now producing carbonizing paper under the management of a firm that uses this paper in its business. Continued operation of the plant may catalyze further support for improvements in the quality of area public facilities, particularly educational and health services. Especially needed is an educational program for adults to combat the high rate of functional illiteracy.

The leasing of the paper mill to another company poses anew some recurring problems in area development:

(1) How can a firm attract an adequate supply of skilled labor to a rural community?

(2) When small communities have a relatively high incidence of family poverty and adult illiteracy, what is the appropriate mix of public programs to provide sufficient jobs at least cost?

(3) To what extent is job creation in such communities related to welfare activities--meeting citizens' needs as consumers rather than producers?

(4) How are public and private efforts best consolidated to meet the needs?

The resources of Federal, State, and local agencies are seriously challenged to find solutions to these problems in ways that will reinforce national economic growth. Picken's story is very real and by no means unique.

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